

SIMONS'S ONLY HOPE IS CUT IN DEBT BY U.S.

Otherwise He Foresees Catastrophies in England, France and Germany.

PARIS IS SCORED AGAIN

Revision of Germany's Payments Has to Come, He Declares.

BIG THREAT FOR FRANCE

Says Hatred Caused Will Certainly End in Revenge, but Time Is Far Off.

By RAYMOND SWING.
Special Cable to THE NEW YORK HERALD.
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"Only a reduction of Europe's debts to America can avert a catastrophe in England and France and in turn reduce Germany's debts. Germany is the one nation now paying what she owes. Unless Germany obtains a revision of debts under a treaty the reported American proposal would bring merely moral relief instead of actual benefit. And such a treaty would not be easily arranged unless France shows a remarkable change of mind."

Dr. Walter Simons, Foreign Minister in the Fehrenbach Cabinet, before leaving Berlin for London this morning, expressed his opinion as to the effects of the reported American proposal to reduce the debts owed to her by the Allies. He confessed that personally he was pessimistic, but the intimation that Germany might yet be invited to the Washington conference obviously cheered him. The main theme of his conversation was the French attitude.

"France," he said, "is the one country which has insistently demanded gold. Though it has now been proved that huge gold payments are impossible, the French refuse to learn the lesson. France's anxiety about the German menace is nothing less than psychopathic, and by their methods they are making Germany's revenge certain. I may not live to see it, my sons may not, but my grandchildren will unless these methods change."

Lays Most Ills to French.

"The only road to economic health is reparations in goods, but this the French resisted. Loucheur finally came around to the Wiesbaden agreement with Rathenau, but since then he and the French industries seem to be sabotaging their own bargain, for as yet the French have not done anything to put the agreement into effect."

Asked about Russia's eventual role in the reparations matter, Dr. Simons said: "The proposal for us to make deliv-

ies in Russia on which the Entente would receive the profits was first made while I was Foreign Minister and by an agent of an English industry located at Leamington. I laid the idea before German capitalists and they expressed the greatest aversion to it."

"One of them said: 'We will never work as slaves for the Allies. We shall do business for ourselves.' To which I replied that the Treaty of Versailles makes slaves whether we care to admit it or not."

"But the Russian market presents obstacles and it is hard to see how business can be done there now. Right enough, Russia needs imports and we manufacture them, but she cannot pay. Possibly the Allies and America might permit us to do business with Russia on bills payable—just as they have the bills for the present, even though the bills include their percentage of reparations—but the risk would be great as long as the present methods are practiced in Russia."

"An Italian ship recently went to Odessa laden with a cargo of wheat for Russia, hoping to return with raw materials. But the Russians paid in gold and jewels, and the day the ship was leaving it was searched ostensibly for weapons, but the gold and jewels were found and confiscated, and the traders went home empty handed, and the Russians were not ready to do business under such difficulties."

Slow Penetration Advocated.

"The only way to make Russia penetrate commercially, I should say, is to make a beginning on the frontiers and work inward, building up transportation as one goes along and supplying the people en route in the way one penetrates when colonizing. It is not worth military invasion; such interventions have always failed."

Dr. Simons declared that the plans of the British experts and German radicals to place a mortgage on German industry was not practical. If the Allies took out a gold mortgage the interest would have to be paid in gold. He said, and German industries cannot pay gold dividends.

"As for the plan to have the German Government put a mortgage on property," he said, "that would end in the Government soon confiscating the possession of the property, for the amount of mortgage would remain arithmetically the same, while the value of money would increase if the plan succeeded. And every dollar that the mark improved would give the Government a relatively greater share of ownership."

Anglo-German Plan Scouted.

Dr. Simons said there was little chance of an Anglo-German rapprochement due to differences between England and France. "It is only a coincidence that England and Germany are interested for the moment in the same thing," he said, "namely, the reduction of armaments on land. England may threaten France, may even have us up before French eyes as a possible friend in the future, but that is only for a specific French purpose. Once the French have yielded to England in the Near East and naval questions, Anglo-French friendship will be cordial and unclouded again. We Germans should not be deceived about it."

"I can only hope that it is true that Germany will be invited to this or a later conference at which the question of reparations is discussed. Otherwise I fail to understand why the Washington conference should have been summoned. Its true aim is not alone to reduce armaments, but to diminish the possibility of a recourse to arms. There cannot be peace in the world—honour or dishonesty—until hate is obliterated."

"France used the conference to make untruthful allegations against Germany. I will cite only one utterance made by Briand—that we have done nothing about paying except to quibble about it. The fact is we have made greater real deliveries since peace was declared than has been done by any other country in the history of the world in so short a time, and without counter value."

"All we talked about was the impossibility of paying in gold, and we merely predicted what is now true. At the conference, if the occasion permits, Germany should ask for a moratorium and for long term credits."

USING ALLIED DEBT DUE US FOR EUROPE

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to divert toward Europe's economic development for an indefinite time all the money raised by debtor nations to liquidate their loans to the United States. The indirect result, he said, would be such that within a comparatively short time we would be spared of ultimately getting payment in fact. Some part of what we should receive would, under his plan, probably be spent without any hope of direct return, but the indirect return would be enormous. A financial prospectus of what might be accomplished, Mr. Vanderlip declared, through the wise spending of the annual interest of \$200,000,000 a year would constitute the most fascinating financial document ever prepared.

America would not arbitrarily declare how Europe should spend the funds allotted to her, but America would have control and the final determination of whatever policy was followed in certain of the European countries at least. That America has the wisdom, temperament and freedom from unwise political interference in such a course Mr. Vanderlip believes is proved by the nation's record of relief work during the war and since, and in a less picturesque way by the history of Robert College and the American Women's College in Constantinople. He said of the actual operation of his plan:

"A considerable part of what we received might well be used as a revolving fund of credit. It could be loaned to nations to help them accomplish specific purposes, purposes which we had carefully analyzed and believed to be economically sound and for the general good, purposes which would accomplish substantial and permanent economic and social results. The funds so loaned could in time be repaid; if the purposes for which they had been used were economically sound they could be repaid without difficulty, and could then be similarly loaned over and over again, and ultimately paid back to us."

"Europe needs better transportation. We could help provide it. Europe needs a great development of its ample hydroelectric power that it may have cheaper motive power, and may economize its resources. We could aid in initiating such projects. There are cities in eastern Europe that need better systems of sanitation. Such provision would be of great economic importance. We could give impetus to it."

"If time permitted, I would lay before you a much fuller exposition of the possibilities of economic development. I would emphasize what might be done for Italy and Austria in developing great hydro-electric development, taking in exchange a mortgage on that development. France, provided in turn, would be a two countries for a saving in coal imports which would materially help them balance their foreign trade."

"If we would devote the income to a few months toward equipping eastern Europe with a modern grain elevator system we would have conferred a material blessing on eastern peasants and western consumers alike, stimulating production and helping to turn the stagnant trade into a swift stream of commerce."

"Mark that there is no relation under this plan between the source of the receipt and the place of expenditure. The debts are just debts and should be paid. At that point our relations with the

debtors cease. The expenditure of the money we received would be made where and how we wished. Its expenditure would be our affair, not the affair of the debtors."

Let it look at the matter from another angle, the angle of food production. No one who has traveled in eastern Europe with open eyes can avoid the impression of tremendous latent agricultural possibilities. Take the immediate grain fields of Rumania and south Russia, for example. There is no better land in the world. No lands are more beautifully adapted to the possibilities of almost unlimited improvement of productivity if scientific methods and modern machinery are brought into play.

"These wonderful grain fields of south Russia, now ploughed in a way that but scratches the surface by the diminutive plow, which in the main compose the working capital of the peasantry, produce an average of six bushels of wheat to the acre. Intelligent instruction, better seed and better breeds of farm animals would adapt the peasantry to the modern methods of agriculture, and an arrangement by which small holdings are united under cooperative associations, so that the full benefits of modern agriculture can be realized, will easily result in producing three times their present production."

"This is a plan that would build up difficult competition for our own farmers. It is a plan that would help Europe help itself, and help restore to Europe the economic power which she lost in the war. It is a plan that would help America than she has ever been before."

"I would not like to take from England, France and Italy the last dollar that could be forced from them to pay their debt to us, and then spend it all in eastern Europe—great as the indirect recompense of such an expenditure would be in benefiting these western nations. On the other hand I would not like to have the money spent in all in eastern Europe—great as the indirect recompense of such an expenditure would be in benefiting these western nations. On the other hand I would not like to have the money spent in all in eastern Europe—great as the indirect recompense of such an expenditure would be in benefiting these western nations."

"I would propose to England the establishment of great scientific laboratories. With her genius for sound scientific research she would, through a stipendium of technical education and scientific investigation, give to the world new knowledge of incalculable value."

"I would give to Italy the agreed to have it, the means for establishing great schools of applied art, so that the tremendous genius for handicraft which the Italian possesses may be turned into channels which will produce goods to enrich the world."

"I admit that it would be more difficult to plan such contributions for France. I have memories as service as a Director of the Society for Aiding French Orphans. France rests in the belief—and with no small amount of sound reason—that her culture is already so perfect that she would not accept such expenditure if it came with a touch of American direction. In that field we ought to proceed with caution and modesty and good taste, but even France might agree that some of the money she paid is could, in turn, be expended upon objects in France that would work out for the benefit of mankind."

About 1,200 members of the club heard Mr. Vanderlip's address, and it was received with many outbursts of applause. George W. Wickelham, president of the club, was the only other speaker.

SALES TO RUSSIA AS PLAN FOR GERMANY

Continued from First Page.

was entirely devoted to personal affairs and was "harmless."

The suggested Russian solution of the reparations problem is apparently a proposed arrangement between England and America and Germany, whereby England and America, on a guarantee of concessions and normal political conditions prevailing in Russia, would advance long term credits for the delivery of German merchandise to her eastern neighbor. The Reparations Commission would be given a share in the profits on these deliveries.

By deflecting German exports toward Russia, the allied markets would be saved from German dumping, while at the same time German exports would continue, out of which reparations could be met.

The session of the National League of German Industries to-morrow marks a serious and significant change in German policies. Simons has asserted repeatedly that he went to London in a private capacity, which, obviously, was untrue, for he has returned home to report his negotiations—which may prove to have been the most important in Europe since those in Versailles—to his government, but to German business men.

POPE SEEKS DIPLOMATIC RELATIONS WITH JAPAN

WASHINGTON, Nov. 22 (Associated Press).—Pope Benedict, according to information received here, has instructed the Apostolic delegate, who is going to Tokyo to congratulate Prince Hirohito on his elevation to the regency of the empire, to thank him at the same time for the visit he made to the Holy See on his recent visit to Europe.

It is expected that this interview between the Vatican and Japan will lead to the establishment of diplomatic relations between the two Powers.

STABILIZING EXCHANGE WHEN INDEMNITY IS PAID

Bank Experts to Prevent Repetition of Recent Collapse.

PARIS, Nov. 22 (Associated Press).—The Reparations Commission is soon to appoint an international committee of bankers to advise the commission on the best means of preventing future German reparations payments from disastrously affecting international exchange. It will include exchange experts from the banks of France, England and Belgium, as well as bankers from other European countries. The committee will not, however, attempt a solution of the exchange problem.


The need of the new committee was demonstrated when the first billion of the indemnity was paid. The exchange markets of the world on that occasion, it is pointed out, "went to pieces." It was foreseen that succeeding payments might cause even more harm unless some scheme should be devised which would prevent the normal markets from being disturbed. The January and February payments of the German indemnity make necessary the immediate appointment of the committee, which probably will be in session in Paris during the first week of December.

HEAVIER TAX INCOME EXPECTED THIS YEAR

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., Nov. 22.

David H. Blair, Revenue Commissioner, referred today to a reduction of \$22,718,224 in income profits taxes collected in the last fiscal year as a clear reflection of the sudden drift of business from the war "peak" period back toward normal.

Surprise in values, reduction of the total volume of business done by large interests as well as small enterprises, were cited as a reason for the sharp drop of \$81,573,182 in the total tax collections from all sources. Heavier totals are expected this year, as a result of revised audits, netted the Government about \$357,078,422.




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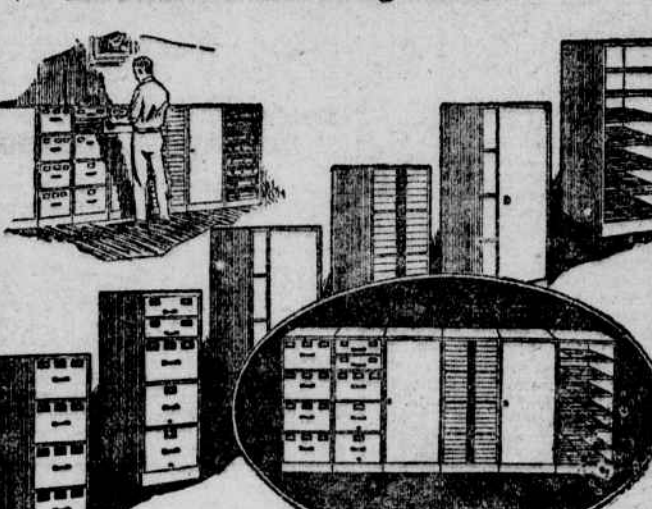


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